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THE 36th ANNUAL GENERAL MEETING OF SHAREHOLDERS

OTHER MATTERS SUBJECT TO ELECTRONIC PROVISION MEASURES

(MATTERS OMITTED IN THE PAPER COPY FOR DELIVERY)

(From September 1, 2022 to August 31, 2023)

JINS HOLDINGS Inc.

I. Notes to Consolidated Financial Statements

1. Notes to important matters forming the basis of preparation of consolidated financial statements

(1) Scope of consolidation

(i) Status of consolidated subsidiaries

- Number of consolidated subsidiaries: 10
- Name of consolidated subsidiaries:
  JINS Inc.
  Think Lab Inc.
  JINS SHENYANG CO., LTD.
  JINS SHANGHAI CO., LTD.
  JINS US Holdings, Inc.
  JINS Eyewear US, Inc.
  JINS CAYMAN Limited
  JINS ASIA HOLDINGS Limited
  JINS TAIWAN CO., LTD.
  JINS Hong Kong Limited
  JINS BEIJING CO., LTD. which was a consolidated subsidiary of the Company was extinguished by an absorption-type merger with JINS SHANGHAI CO., LTD. as a surviving company during the fiscal year ended August 31, 2023.

(ii) Status of unconsolidated subsidiaries

- Name of unconsolidated subsidiary:
  JINS norma CO., LTD.
  Yamato Technical Co., Ltd.
- Reason for excluding from the scope of consolidation
  An unconsolidated subsidiary which is a small-scale subsidiary is excluded from the scope of consolidation due to its immateriality in terms of total assets, revenue, profit (loss), and retained earnings in the consolidated financial statements.

(2) Equity method accounting

(i) Number of unconsolidated subsidiaries and affiliates accounted for using the equity method and names of major companies

- Number of unconsolidated subsidiaries accounted for using the equity method None
- Number of affiliates accounted for using the equity method 1

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(ii) Status of unconsolidated subsidiaries and affiliates not accounted for using the equity method

- Name of the company JINS norma CO., LTD.

  Yamato Technical Co., Ltd.
- Reason for not accounted for using the equity method

  The unconsolidated subsidiary not accounted for using the equity method is excluded from the scope of application of the equity method due to its minor influence in terms of profit (loss) and retained earnings on the consolidated financial statements even if it is excluded from the scope, and its immateriality as a whole.

(iii) Specific information deemed necessary about procedures for the application of the equity method

Fiscal year-ends of the companies accounted for using the equity method differ from the consolidated fiscal year-end. Therefore, the financial statements prepared pursuant to the provisional closing of accounts based on the latest quarterly financial results of relevant companies are used.

(3) Fiscal year-ends of consolidated subsidiaries

The Company's consolidated subsidiaries whose fiscal year-ends differ from the consolidated fiscal year-end are as follows:

Company name	Fiscal year-end	
JINS SHENYANG CO., LTD.	December 31	(Note 1)
JINS SHANGHAI CO., LTD.	December 31	(Note 1)
JINS US Holdings, Inc.	June 30	(Note 2)
JINS Eyewear US, Inc.	June 30	(Note 2)
JINS CAYMAN Limited	December 31	(Note 1)
JINS ASIA HOLDINGS Limited	December 31	(Note 1)
JINS TAIWAN CO., LTD.	June 30	(Note 2)
JINS Hong Kong Limited	December 31	(Note 1)

Notes: 1. These consolidated subsidiaries are consolidated using provisional financial statements prepared as of June 30 according to the full-year settlement, and necessary adjustments are made to their financial statements to reflect any significant transactions that occurred from July 1 to August 31.

2. These consolidated subsidiaries are consolidated using their financial statements as of their respective fiscal year-ends, and necessary adjustments are made to their financial statements to reflect any significant transactions that occurred from July 1 to August 31.

(4) Accounting policies

(i) Basis and method of valuation of important assets

a. Basis and method of valuation of securities

Available-for-sale securities

Securities other than shares, etc. that do not have a market price are measured at fair value based on the market price, etc. as of the fiscal year-end. (Any valuation differences are directly charged or credited to net assets and cost of securities sold is calculated by the moving average method.)

Shares, etc. that do not have a market price are measured at cost determined by the moving-average method.

b. Basis and method of valuation of inventories

Inventories

Inventories of the Company and its consolidated subsidiaries are stated at cost determined principally by the first-in first-out method (the balance sheet values are measured with the method of devaluing book value based on declining profitability).

(ii) Method of depreciation and amortization of important depreciable and amortizable assets

a. Property, plant and equipment (excluding leased assets)

Property, plant and equipment are depreciated principally using the straight line method.

The declining-balance method is used for tools, furniture and fixtures.

The range of useful lives is as follows:

Buildings	5 to 50 years
Structures	10 to 20 years
Tools, furniture and fixtures	2 to 15 years

b. Intangible assets (excluding leased assets)

Intangible assets are amortized by the straight-line method.

Software for internal use is amortized using the straight-line method over the expected useful life in the Company (mainly five years).

c. Leased assets

Leased assets are amortized principally using the straight-line method based on the assumption that the useful lives are equivalent to the lease terms and the residual value is zero.

(iii) Basis for recording important provisions

a. Provision for bonuses

Provision for bonuses is recorded at an estimated amount attributable to the fiscal year to provide for future bonus payments to employees.

b. Provision for product warranties

To provide for the occurrence of replacement costs related to the warranty period of the products sold, provision for product warranties is recorded at an amount projected to be incurred in the future, based on the past warranty replacement results.

(iv) Basis for recording revenue and expenses

The main business of the Group is eyewear retailing. In the sales of a product, a customer obtains control over the product when the product is delivered to the customer, and our performance obligations are satisfied. We therefore recognize revenue when the product is delivered to a customer. Revenue is measured at an amount of consideration promised in the contract with a customer, less the amount of returns, discounts, and other. Amounts equivalent to points granted to customers in accordance with the sale of products based on points programs operated by other companies are subtracted in the calculation of the transaction price and revenue is recognized in net amount, deeming that the points are collected on behalf of third parties.

(v) Other important matters for preparing consolidated financial statements

Basis for converting important foreign currency-denominated assets and liabilities into Japanese yen

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate as of the balance sheet date. The foreign exchange gains and losses from such translation are recognized in the consolidated statements of income.

2. Notes to Changes in Accounting Policies

Application of Implementation Guidance on Accounting Standard for Fair Value Measurement

The Company has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter “Fair Value Measurement Guidance”) from the beginning of the fiscal year ended August 31, 2023. Accordingly, the Company will apply new accounting policies prescribed in the Fair Value Measurement Guidance in the future in accordance with the provisional treatment stipulated in Paragraph 27-2 of the same Guidance. The application of the Guidance has no impact on the consolidated financial statements.

3. Notes to Changes in Presentation Method

Consolidated statement of income

“Commission income” (¥10 million for the fiscal year ended August 31, 2023) and “Rental income” (¥11 million for the fiscal year ended August 31, 2023) which were separately stated under “Non-operating income” in the previous fiscal year are included in “Other” under “Non-operating income” for the fiscal year ended August 31, 2023 due to their insignificant amounts.

“Commission expenses” (¥5 million for the fiscal year ended August 31, 2023) which was separately stated under “Non-operating expenses” in the previous fiscal year are included in “Other” under “Non-operating expenses” for the fiscal year ended August 31, 2023 due to its insignificant amount.

4. Notes to Accounting Estimates

(1) Recoverability of deferred tax assets

(i) Amount recorded in the consolidated financial statements for fiscal year ended August 31, 2023

Deferred tax assets ¥1,520 million

(ii) Other information regarding accounting estimates that contributes to the understanding of users of the consolidated financial statements

Deferred tax assets are recorded to the extent that the future tax payment is reduced for deductible temporary differences and tax loss carryforwards as of the end of the fiscal year ended August 31, 2023, based on classification of companies under the Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26).

For recording deferred tax assets, the Company estimates taxable income before adjusting temporary differences based on business plans. Also, the Company uses business plans for calculating estimated taxable income and the key assumption in the business plan includes revenue growth rates. Revenue growth rates are determined based on historical performance at each store and in consideration of the market environment and industry trends.

The Group judges the key assumption in business plans that is the basis for estimating taxable income to be the best estimates based on available information.

(2) Impairment loss of non-current assets

(i) Amount recorded in the consolidated financial statements for the fiscal year ended August 31, 2023

(Unit: Millions of Yen)

	Domestic eyewear business	Overseas eyewear business	Total
Property, plant and equipment	8,838	2,030	10,869
Intangible assets	761	249	1,010
Impairment loss	415	96	511

(ii) Other information concerning accounting estimates that contributes to the understanding of users of the consolidated financial statements

In recognizing impairment loss, the Group groups its assets using operating stores and other minimum largely independent cash-generating units as the basic unit, and groups the head office and other offices as corporate assets.

For stores showing signs of impairment, the book value and recoverable amounts are compared. When determining that an impairment loss be recognized, the Group records an impairment loss by writing down the book value to the recoverable amounts. The recoverable amounts are measured at their value in use or net selling prices, whichever is higher. Future undiscounted cash flows for calculating the value in use is based on the business plans of each store.

The key assumption in future business plans of the stores includes revenue growth rates. Revenue growth rates are determined based on historical performance at each store and in consideration of the market environment and industry trends.

The Group judges the key assumption used for calculating future cash flows to be the best estimates based on available information.

5. Notes to Changes in Accounting Estimates

Changes in asset retirement obligation estimates

Regarding asset retirement obligations recorded as restoration costs based on lease agreements for stores, the Company has changed estimates in restoration costs to be necessary for store closures and the period of restoration work in line with obtaining new information including about restoration work regarding store closures. An increase amount due to a change in the estimates (¥759 million) was added to the balance of asset retirement obligations before the change. The impact of this change on profit and loss is not significant.

6. Notes to Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment ¥14,702 million

(2) Contingent liabilities

The Group entered into proxy deposit agreements with lessors and financial institutions regarding leasehold and guarantee deposits on some leasehold properties.

Based on the agreements, the financial institutions have deposited the amounts equivalent to leasehold and guarantee deposits to the lessors, and the Group guaranteed the obligations of the lessors to refund the leasehold and guarantee deposits to the financial institutions.

Guarantee of obligations to refund deposits	¥227 million

7. Notes to Consolidated Statements of Changes in Net Assets

(1) Information on shares issued

Class of shares	September 1, 2022	Increase	Decrease	August 31, 2023
Common stock	23,980,000 shares	- shares	- shares	23,980,000 shares

(2) Information on treasury stock

Class of shares	September 1, 2022	Increase	Decrease	August 31, 2023
Common stock	639,815 shares	51 shares	- shares	639,866 shares

(3) Information on dividends

(i) Dividends paid

Resolution	Class of shares	Total amount (Millions of Yen)	Per share amount (Yen)	Record date	Effective date
Board of Directors meeting held on April 14, 2023	Common stock	303	13.00	February 28, 2023	May 12, 2023

(ii) Dividends with effective dates falling after the end of the year

Resolution	Class of shares	Source of dividends	Total amount (Millions of Yen)	Per share amount (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on November 29, 2023	Common stock	Retained earnings	583	25.00	August 31, 2023	November 30, 2023

(4) Information on share acquisition rights as of August 31, 2023

	Share acquisition rights attached to the euro yen denominated convertible bond-type bonds with share acquisition rights due 2025
Issue resolution date	February 12, 2020
Class of shares granted	Common stock
Number of subject shares	1,087,311 shares

8. Notes to Financial Instruments

(1) Status of financial instruments

The Group carries out fund management by investing in highly secure financial assets such as deposits, and in principle, raises required funds primarily through equity capital based on its capital investment plan. In addition, the Group uses bank loans and lease contracts as necessary.

Accounts receivable - trade are exposed to customer credit risk.

Investment securities are the stocks of companies with which the Group has business relationships, and are exposed to market price fluctuation risk.

Leasehold and guarantee deposits based on lease agreements for stores, etc. are exposed to counterparty credit risk.

Payment terms of almost all accounts payable—trade, accounts payable—other, and accrued expenses are within two months.

Income taxes payable are unpaid corporate taxes, local inhabitant taxes and enterprise taxes, almost all of which are due within three months.

Convertible bond-type bonds with share acquisition rights are issued mainly to raise funds for investments for further expanding the eyewear business, developing new business and ensuring sustainable growth. The bonds are exposed to liquidity risk (risk of inability to meet payment deadlines), which the Group manages by preparing and updating cash flow plans in a timely manner.

Borrowings and lease obligations are incurred for raising funds needed as working capital and capital investments.

(2) Fair value of financial instruments

The book value and fair value of financial instruments and their difference as of August 31, 2023 were as follows:

(Millions of Yen)

		Book value	Fair value	Difference
(i)	Investment securities			
	Available-for-sale securities	121	121	–
(ii)	Leasehold and guarantee deposits (Note 2)	3,169	2,930	(238)
	Total assets	3,291	3,052	(238)
(iii)	Convertible bond-type bonds with share acquisition rights	10,015	9,882	(132)
(iv)	Long-term borrowings	45	45	0
(v)	Lease obligations	569	590	21
	Total liabilities	10,629	10,518	(111)

(Notes) 1: "Cash and deposits," "Accounts receivable – trade," "Accounts payable—trade," "Short-term borrowings," "Accounts payable—other, and accrued expenses," and "Income taxes payable" are omitted, because they comprise cash and short-term instruments whose carrying amount approximates their fair value.

2: The differences between the amounts of leasehold and guarantee deposits recorded in the consolidated balance sheets and the book value above are unamortized balances of the amounts recognized to be ultimately irrecoverable, namely, estimated restoration costs for leased buildings, at the end of the year.

3: Shares, etc. that do not have a market price are not included in "Available-for-sale securities."

(Millions of Yen)

Category	Fiscal year ended August 31, 2023
Unlisted shares, etc.	891

(3) Fair value information by category within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e., quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(i) Financial instruments recorded on the consolidated balance sheets at fair value

(Millions of Yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	121	–	–	121
Total assets	121	–	–	121

(ii) Financial instruments other than those recorded on the consolidated balance sheets at fair value

(Millions of Yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Leasehold and guarantee deposits	–	2,930	–	2,930
Total assets	–	2,930	–	2,930
Convertible bond-type bonds with share acquisition rights	–	9,882	–	9,882
Long-term borrowings	–	45	–	45
Lease obligations	–	590	–	590
Total liabilities	–	10,518	–	10,518

Note: A description of the valuation technique(s) and inputs used in the fair value measurements

Investment securities

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1.

Leasehold and guarantee deposits

Leasehold and guarantee deposits are stated at present value calculated by discounting future cash flows using interest rates derived by adding credit spreads to yields of government bonds, for each specified period, and their fair value is classified as Level 2.

Convertible bond-type bonds with share acquisition rights

Convertible bond-type bonds with share acquisition rights are stated based on market prices, but as they are not traded in active markets, their fair value is classified as Level 2.

Long-term borrowings (including current portion) and lease obligations (including current portion)

Fair value of long-term borrowings and lease obligations are calculated by discounting the total amount of principal and interests using expected interest rates if the similar new borrowings or lease transactions took place at present, and their fair value is classified as Level 2.

9. Notes to Real Estate for Rent

Omitted due to immateriality of the total amount of real estate for rent.

10. Notes to Revenue Recognition

(1) Information on the disaggregation of revenue from contracts with customers

(Millions of Yen)

	Reportable segment		
	Domestic eyewear business	Overseas eyewear business	Total
Net sales			
Revenue from contracts with customers	56,144	17,119	73,264
Sales to outside customers	56,144	17,119	73,264

(2) Useful information in understanding revenue

This information is as presented in Notes to Consolidated Financial Statements “Notes to important matters forming the basis of preparation of consolidated financial statements (4) Accounting policies (iv) Basis for recording revenue and expenses.”

(3) Useful information in understanding the amount of revenue for the fiscal year ended August 31, 2023 and beyond the following fiscal year

(i) Balance of contract liabilities, etc.

(Millions of Yen)

	Fiscal year ended August 31, 2023
Contract liabilities (beginning balance)	350
Contract liabilities (ending balance)	514

Contract liabilities are mainly related to advances received from customers based on the payment terms of sales contracts for eyewear and other products for which revenue is recognized at the time of delivery to customers. Contract liabilities are reversed upon recognition of revenue.

Revenue recognized in the fiscal year ended August 31, 2023 that was included in the contract liability balance at the beginning of the fiscal year was ¥350 million.

(ii) Transaction price allocated to the remaining performance obligations

The Group has applied the practical expedient and omits notes to the remaining performance obligations as there is no significant transaction whose contracts are with an expected duration of over one year.

Consideration promised in contracts with customers does not have any significant amounts of consideration not included in the transaction price.

11. Notes to Per Share Information

(1) Net assets per share ¥933.14

(2) Basic earnings per share ¥75.50

12. Notes to Subsequent Events

Not applicable.

13. Other Notes

(1) Overdraft agreements

The Company and certain consolidated subsidiaries entered into overdraft agreements with five counterparty banks to efficiently procure working capital.

The outstanding borrowings and the unused balances under these agreements as of August 31, 2023 were as follows:

(i) Yen-denominated transactions

Total amount of overdraft limit	¥10,800 million
Outstanding borrowings	-
Unused balance	¥10,800 million

(ii) Foreign currency-denominated transactions

Chinese Yuan

Total amount of overdraft limit	¥2,403 million	(CNY 120 million)
Outstanding borrowings	¥1,840 million	(CNY 91 million)
Unused balance	¥562 million	(CNY 28 million)

HK Dollar

Total amount of overdraft limit	¥279 million	(HKD 15 million)
Outstanding borrowings	¥55 million	(HKD 3 million)
Unused balance	¥223 million	(HKD 12 million)

New Taiwan Dollar

Total amount of overdraft limit	¥59 million	(NTD 13 million)
Outstanding borrowings	-	(-)
Unused balance	¥59 million	(NTD 13 million)

(2) Loan commitment agreements

On August 26, 2022, the Company entered into loan commitment agreements with counterparty banks to procure working capital flexibly and stably.

The outstanding borrowings and the unused balances under these agreements as of August 31, 2023 were as follows:

Total amount of loan commitments	¥8,000 million
Available amount at the year-end	¥4,000 million
Outstanding borrowings at the year-end	-
Unused balance	¥4,000 million

(3) Financial covenants

The Company entered into loan commitment agreements with counterparty banks to flexibly and stably procure working capital and funding for capital investments mainly for new store openings, and the said loan commitment agreements are subject to financial covenants.

Loan commitment agreements entered into on August 26, 2022

Total amount of loan commitments	¥8,000 million
Available amount at the year-end	¥4,000 million
Outstanding borrowings at the year-end	-
Unused balance	¥4,000 million

Financial covenants on the loan commitment agreements above

(i) Total net assets in the consolidated balance sheets at each year-end after the effective date of the agreement must be at least 75% of those at the year-end immediately before the effective date of the agreement or at least 75% of those at the most recent year-end, whichever is higher.

(ii) The Company shall not record ordinary loss for two consecutive years in the consolidated statement of income at each fiscal year-end after the effective date of the agreement.

(4) Asset retirement obligations

Asset retirement obligations which are recorded in the consolidated balance sheets

(i) Outline of asset retirement obligations

Asset retirement obligations with respect to restoration costs based on lease agreements for stores and other properties

(ii) Calculation method of asset retirement obligations

The Group calculates the present value of asset retirement obligations by discounting them over the estimated usage period primarily of 20 years since acquisition mainly using the yields of the corresponding government bonds.

(iii) Changes in asset retirement obligations in the fiscal year ended August 31, 2023

Balance at the beginning of the year	¥621 million
Increase due to acquisition of property, plant and equipment, etc.	¥61 million
Unwind of discounts	¥4 million
Increase/decrease due to changes in estimates	¥759 million
Decrease due to settlement of asset retirement obligations	¥(377 million)
Balance at the end of the year	¥1,070 million

(5) Impairment loss

The Group recorded impairment loss for the following asset groups for the fiscal year ended August 31, 2023:

Usage	Type of asset	Location	Impairment loss
Business assets	Software and others	Japan	¥209 million
Stores	Buildings and other assets	Japan	¥205 million
Stores	Buildings and other assets	China	¥54 million
Stores	Leased assets and others	Taiwan	¥35 million
Stores	Furniture, fixtures and others	United States	¥6 million
Total			¥511 million

The Group groups its assets using stores and other minimum cash-generating units as the basic unit, and groups the head office and other offices as corporate assets.

The Group wrote down the book value of stores showing signs of a decline in profitability or were decided to close to their recoverable amounts and recorded the reductions as impairment loss (¥511 million) in extraordinary losses. The recoverable amounts of these assets were measured at the value in use or their net selling prices whichever is higher.

The details of impairment loss were as follows:

Buildings and structures	¥160 million
Software	¥174 million
Other	¥177 million
Total	¥511 million

(6) Loss Due to Temporary Store Closings

Urban blockades were implemented intermittently in China due to the spread of COVID-19. In response, the Group had to shut down up to 126 stores.

The Group recorded a loss due to temporary store closings of ¥73 million, which includes rent expenses on land and buildings during the store closing periods for the fiscal year ended August 31, 2023.

II. Non-consolidated balance sheets (as of August 31, 2023)

(Millions of yen)

Account	Fiscal year under review	Previous fiscal year (Reference)
(Assets)		
Current assets	7,228	15,606
Cash and deposits	4,000	13,377
Prepaid expenses	155	190
Short-term loans receivable from subsidiaries and associates	2,600	1,880
Accounts receivable from subsidiaries and associates - other	760	443
Other	161	100
Allowance for doubtful accounts	(449)	(385)
Non-current assets	13,058	16,837
Property, plant and equipment	252	278
Buildings	225	257
Structures	2	0
Tools, furniture and fixtures	13	14
Construction in progress	12	5
Intangible assets	981	1,032
Software	864	968
Software in progress	116	64
Investments and other assets	11,824	15,526
Investment securities	851	921
Shares of subsidiaries and associates	3,573	5,068
Long-term loans receivable from subsidiaries and associates	6,380	7,860
Deferred tax assets	816	809
Leasehold and guarantee deposits	199	860
Other	2	5
Total assets	20,286	32,444

Account	Fiscal year under review	Previous fiscal year (Reference)
(Liabilities)		
Current liabilities	1,022	11,754
Current portion of convertible bond-type bonds with share acquisition rights	—	10,033
Current portion of long-term borrowings	11	21
Accounts payable – other	870	845
Accrued expenses	90	133
Income taxes payable	—	170
Accrued consumption taxes	19	17
Provision for bonuses	10	13
Allowance for office relocation expenses	—	235
Asset retirement obligations	—	263
Other	19	20
Non-current liabilities	10,252	10,467
Convertible bond-type bonds with share acquisition rights	10,015	10,025
Long-term borrowings	—	11
Long-term accounts payable – other	228	422
Other	9	9
Total liabilities	11,275	22,222
(Net assets)		
Shareholders' equity	8,917	10,032
Common stock	3,202	3,202
Capital surplus	3,179	3,179
Legal capital surplus	3,157	3,157
Other capital surplus	22	22
Retained earnings	7,538	8,653
Legal retained earnings	8	8
Other retained earnings	7,530	8,645
General reserve	60	60
Retained earnings brought forward	7,470	8,585
Treasury stock	(5,003)	(5,003)
Valuation and translation adjustments	93	189
Valuation difference on available-for-sale securities	93	189
Total net assets	9,011	10,221
Total liabilities and net assets	20,286	32,444

(Note) Amounts of less than one million yen are rounded down.

III. Non-consolidated Statements of Income (September 1, 2022 to August 31, 2023)

(Millions of yen)

Account	Fiscal year under review	Previous fiscal year (Reference)
Operating revenue	4,874	4,462
Operating expenses	4,183	4,238
Operating profit	690	223
Non-operating income	162	856
Interest income	129	184
Foreign exchange gains	25	664
Other	7	7
Non-operating expenses	79	89
Interest expenses	5	6
Commission expenses	2	20
Loss on investments in partnership	8	8
Provision of allowance for doubtful accounts	64	53
Other	0	—
Ordinary profit	773	989
Extraordinary losses	1,517	2,168
Loss on retirement of non-current assets	6	17
Loss on valuation of shares of subsidiaries and associates	1,506	1,915
Provision of allowance for office relocation expenses	—	235
Other	4	—
Loss before income taxes	(743)	(1,179)
Income taxes – current	31	174
Income taxes – deferred	35	(3)
Loss	(811)	(1,349)

(Note) Amounts of less than one million yen are rounded down.

IV. Non-consolidated Statements of Changes in Net Assets (Year Ended August 31, 2023)

(Unit Millions of Yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Common stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	General reserve	Retained earnings brought forward	Total retained earnings
BALANCE, SEPTEMBER 1, 2022	3,202	3,157	22	3,179	8	60	8,585	8,653
Changes during period								
Dividends of surplus							(303)	(303)
Loss							(811)	(811)
Purchase of treasury stock								
Net changes in items other than shareholders' equity								
Total changes during period	-	-	-	-	-	-	(1,114)	(1,114)
BALANCE, AUGUST 31, 2023	3,202	3,157	22	3,179	8	60	7,470	7,538

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
BALANCE, SEPTEMBER 1, 2022	(5,003)	10,032	189	189	10,221
Changes during period					
Dividends of surplus		(303)			(303)
Loss		(811)			(811)
Purchase of treasury stock	(0)	(0)			(0)
Net changes in items other than shareholders' equity			(95)	(95)	(95)
Total changes during period	(0)	(1,114)	(95)	(95)	(1,210)
BALANCE, AUGUST 31, 2023	(5,003)	8,917	93	93	9,011

Note: Figures are rounded down to the million yen.

V. Notes to Non-consolidated Financial Statements

1. Notes to matters regarding important accounting policies

(1) Basis and method of valuation of assets

Basis and method of valuation of securities

- Shares in subsidiaries and affiliates

  Shares in subsidiaries and affiliates are measured at cost determined by the moving-average method.

- Available-for-sale securities

  Securities other than shares, etc. that do not have a market price are measured at fair value based on the market price, etc. as of the fiscal year-end. (Any valuation differences are directly charged or credited to net assets and cost of securities sold is calculated by the moving average method.)

  Shares, etc. that do not have a market price are measured at cost determined by the moving-average method.

(2) Method of depreciation and amortization of non-current assets

(i) Property, plant and equipment (excluding leased assets)

Property, plant and equipment are depreciated principally using the straight line method.

The declining-balance method is used for tools, furniture and fixtures.

The range of useful lives is as follows:

Buildings	9 to 50 years
Tools, furniture and fixtures	2 to 15 years

(ii) Intangible assets (excluding leased assets)

Intangible assets are amortized by the straight-line method.

Software for internal use is amortized using the straight-line method over the expected useful life in the Company (five years).

(iii) Leased assets

Leased assets are amortized using the straight-line method based on the assumption that the useful lives are equivalent to the lease terms and the residual value is zero.

(3) Basis for recording provisions

(i) Allowance for doubtful accounts

Allowance for doubtful accounts is provided for possible losses arising from bad debts at an amount determined based on the historical default rates for general receivables, and an individual estimate of uncollectible amounts for specific doubtful receivables from customers experiencing financial difficulties.

(ii) Provision for bonuses

Provision for bonuses is recorded at an estimated amount attributable to the fiscal year to provide for future bonus payments to employees.

(4) Basis for recording revenue and expenses

As a holding company, the Company is engaged in the supervision of the business subsidiaries within the Group. The Company collects and receives from subsidiaries mainly management instruction fee, system usage fee and real estate rent fee based on contracts with them, and as its performance obligations are satisfied when the Company provides supervision of the business subsidiaries within the Group, the Company recognizes revenue as it provides the supervision.

(5) Other important matters forming the basis of preparation of financial statements

Basis for converting important foreign currency-denominated assets and liabilities into Japanese yen

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate as of the balance sheet date. The foreign exchange gains and losses from such translation are recognized in the consolidated statements of income.

2. Notes to Changes in Accounting Policies

Application of Implementation Guidance on Accounting Standard for Fair Value Measurement

The Company has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter "Fair Value Measurement Guidance") from the beginning of the fiscal year ended August 31, 2023. Accordingly, the Company will apply new accounting policies prescribed in the Fair Value Measurement Guidance in the future in accordance with the provisional treatment stipulated in Paragraph 27-2 of the same Guidance. The application of the Guidance has no impact on the non-consolidated financial statements.

3. Notes to Changes in Presentation Method

Non-consolidated balance sheets

"Accounts receivable from subsidiaries and associates – other" (¥443 million for the previous fiscal year) included in "Other" under "Current assets" in the previous fiscal year are separately stated for the fiscal year ended August 31, 2023 due to its increased significance.

"Long-term prepaid expenses" (¥2 million for the fiscal year ended August 31, 2023) which were separately stated under "Investments and other assets" in the previous fiscal year are included in "Other" under "Investments and other assets" for the fiscal year ended August 31, 2023 due to its insignificant amount.

Non-consolidated statements of income

"Loss on investments in partnership" (¥8 million for the previous fiscal year) included in "Other" under "Non-operating expenses" in the previous fiscal year is separately stated for the fiscal year ended August 31, 2023 due to its increased significance.

4. Notes to Accounting Estimates

Recoverability of deferred tax assets

(1) Amount recorded in the financial statements for the fiscal year ended August 31, 2023

Deferred tax assets ¥816 million

(2) Other information regarding accounting estimates that contributes to the understanding of users of the non-consolidated financial statements

A description is omitted as the same content is described in Notes to Consolidated Financial Statements (Notes to Accounting Estimates) (Recoverability of deferred tax assets) of the consolidated financial statements.

5. Notes to Non-consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment ¥193 million

(2) Monetary claims and obligations to affiliates are as follows:

(i) Short-term monetary claims	¥3,447 million
(ii) Long-term monetary claims	¥6,380 million
(iii) Short-term monetary obligations	¥40 million

(3) Contingent liabilities

The Company guarantees liabilities on loans from financial institutions and lease transactions for affiliates.

JINS SHANGHAI CO., LTD.	¥2,357 million
JINS Hong Kong Limited	¥174 million
JINS Eyewear US, Inc.	¥82 million
JINS TAIWAN CO., LTD.	¥46 million
Total	¥2,661 million

6. Notes to Non-consolidated Statements of Income

Amount of transactions with affiliates

Operating revenue	¥4,874 million
Operating expenses	¥30 million
Transactions other than business transactions	¥85 million

7. Notes to Non-consolidated Statements of Changes in Net Assets

Information on treasury stock

Class of shares	September 1, 2022	Increase	Decrease	August 31, 2023
Common stock	639,815 shares	51 shares	- shares	639,866 shares

8. Notes to Tax Effect Accounting

The significant components of deferred tax assets and liabilities

Deferred tax assets	
Allowance for doubtful accounts	¥137 million
Loss on valuation of shares of subsidiaries and associates	¥2,234 million
Shares of subsidiaries and associates	¥297 million
Tax loss carryforwards	¥401 million
Other	¥72 million
Subtotal	¥3,143 million
Valuation allowance	¥(2,292 million)
Total deferred tax assets	¥851 million
Deferred tax liabilities	
Valuation difference on available-for-sale securities	¥(25 million)
Other	¥(9 million)
Total deferred tax liabilities	¥(35 million)
Net deferred tax assets	¥816 million

9. Notes to Transactions with Related Parties

Subsidiaries and affiliates

Type	Name of the company, etc.	Percentage of voting rights owned	Relationship with related parties	Transaction details	Transaction amount (Millions of Yen)	Account	Closing balance (Millions of Yen)
Subsidiary	JINS Inc.	(Owned) Directly 100.00%	Concurrently serving officers, support of funds, etc.	Collection of funds (Note 1)	1,480	Short-term loans receivable from subsidiaries and associates	1,480
				Receipt of interest (Note 1)	47	Long-term loans receivable from subsidiaries and associates	5,920
				Receipt of outsourcing service fees, etc. (Note 2)	4,508	Accounts receivable from subsidiaries and associates - other	740
Subsidiary	JINS SHANGHAI CO., LTD.	(Owned) Indirectly 100.00%	Concurrently serving officers, support of funds, etc.	Guarantee of liabilities (Note 3)	2,357	-	–
				Receipt of interest (Note 1)	23	Long-term loans receivable from subsidiaries and associates	460
Subsidiary	JINS Eyewear US, Inc.	(Owned) Indirectly 100.00%	Support of funds, etc.	Loan of funds (Note 1)	333	Short-term loans receivable from subsidiaries and associates	365
				Receipt of interest (Note 1)	11		
Subsidiary	Think Lab Inc.	(Owned) Directly 100.00%	Concurrently serving officers, support of funds, etc.	Loan of funds (Note 1)	75	Short-term loans receivable from subsidiaries and associates	475
				Receipt of interest (Note 1)	2		
				Provision of allowance for doubtful accounts	64	Allowance for doubtful accounts	449
Subsidiary	Yamato Technical Co., Ltd.	(Owned) Directly 100.00%	Concurrently serving officers, support of funds, etc.	Loan of funds (Note 1)	280	Short-term loans receivable from subsidiaries and associates	280
				Receipt of interest (Note 1)	0		

Transaction conditions and policy for determining transaction conditions, etc.

Notes: 1. Conditions of loan of funds are determined in consideration of market interest rates and other factors.

2. Outsourcing service fees, etc., are reasonably determined in consideration of expenses for service provision, etc.

3. A joint guarantee is provided for lease transactions, etc.

10. Notes to Revenue Recognition

Useful information in understanding revenue from contracts with customers is as presented in Notes to Non-consolidated Financial Statements "Notes to matters regarding important accounting policies (4) Basis for recording revenue and expenses."

11. Notes to Per Share Information

(1) Net assets per share ¥386.09

(2) Basic loss per share ¥34.75

12. Notes to Subsequent Events

Not applicable.

13. Other Notes

(1) Overdraft agreements

The Company entered into overdraft agreements with five counterparty banks to efficiently procure working capital.

The outstanding borrowings and the unused balances under these agreements as of August 31, 2023 were as follows:

Total amount of overdraft limit	¥10,800 million
Outstanding borrowings	-
Unused balance	¥10,800 million

(2) Loan commitment agreements

On August 26, 2022, the Company entered into loan commitment agreements with counterparty banks to procure working capital flexibly and stably.

The outstanding borrowings and the unused balances under these agreements as of August 31, 2023 were as follows:

Total amount of loan commitments	¥8,000 million
Available amount at the year-end	¥4,000 million
Outstanding borrowings at the year-end	-
Unused balance	¥4,000 million

(3) Financial covenants

The Company entered into loan commitment agreements with counterparty banks to flexibly and stably procure working capital and funding for capital investments mainly for new store openings, and the said loan commitment agreements are subject to financial covenants.

Loan commitment agreements entered into on August 26, 2022

Total amount of loan commitments	¥8,000 million
Available amount at the year-end	¥4,000 million
Outstanding borrowings at the year-end	-
Unused balance	¥4,000 million

Financial covenants on the loan commitment agreements above

(i) Total net assets in the consolidated balance sheets at each year-end after the effective date of the agreement must be at least 75% of those at the year-end immediately before the effective date of the agreement or at least 75% of those at the most recent year-end, whichever is higher.

(ii) The Company shall not record ordinary loss for two consecutive years in the consolidated statement of income at each fiscal year-end after the effective date of the agreement.